



U.S. Department of Justice

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PRESS RELEASE
***MORTGAGE BROKER FACES FRAUD CHARGES
IN CONNECTION WITH ALLEGED
MORTGAGE FRAUD SCHEME***

SALT LAKE CITY – A federal grand jury returned a 15-count indictment Wednesday afternoon charging Joshua Lee Butcher, age 28, of Salt Lake City with bank fraud and false statements to a financial institution in what the indictment alleges was a scheme to get construction loans approved using false pretenses.

This week's indictment follows an investigation by the FBI and the Utah Mortgage Fraud Task Force.

According to the indictment, Salt Lake Credit Union and Transwest Credit Union approved and funded construction loans relying on what they believed to be true and accurate borrower financial information which met their respective loan underwriting standards.

The indictment alleges Butcher worked with both credit unions to broker loans for new home construction ranging from approximately \$384,000 to \$637,000. Butcher met with potential borrowers to obtain necessary financial information for the completion of a loan application. In

these meetings, borrowers provided Butcher with accurate information about their income and assets. At times, borrowers also provided supporting documentation. Based on this information, the indictment alleges Butcher knew borrowers would not qualify for construction loans in the range they were seeking.

The indictment alleges that Butcher prepared and submitted false loan applications on behalf of the borrowers to the credit unions to induce approval and funding of construction loans under false pretenses and to cause the payment of broker fees to him which he was not entitled to receive.

The indictment alleges that in order to qualify borrowers for the construction loans, Butcher falsified loan applications by overstating borrowers' income and, at times, identifying assets which borrowers did not own. Additionally, construction loans offered by the financial institutions he was working with were intended to be used for homes occupied by borrowers as their primary residence as opposed to an investment intended to be resold at a profit shortly after the completion of construction, according to the indictment. Despite knowing some borrowers were not intending to use the home as a primary residence, Butcher falsified the application to show the property would be the borrower's primary residence. The indictment also alleges he provided false employment information for borrowers.

The indictment alleges eight counts of bank fraud and seven counts of false statements to a financial institution. The potential maximum penalty for each bank fraud count is 20 years in prison and a fine of \$250,000. The potential maximum penalty for each false statement count is 30 years in prison and a fine of \$1 million. Butcher will be issued a summons for an initial appearance in federal court.

An indictment is not a finding of guilt. Individuals charged in indictments are presumed innocent unless or until proven guilty in court.

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